

## Message Text

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45

ACTION ACDA-10

INFO OCT-01 AF-06 EUR-12 IO-10 ISO-00 PM-03 NSC-05 SP-02

SS-15 CIAE-00 INR-07 L-03 NSAE-00 EB-07 NRC-05 OES-03

FEAE-00 COME-00 TRSE-00 OMB-01 XMB-02 INT-05 FRB-03

/100 W

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R 151420Z JUL 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 2263

INFO AMEMBASSY THE HAGUE

USMISSION IAEA VIENNA

C O N F I D E N T I A L PRETORIA 2632

E.O. 11652: GDS

TAGS: PARM, TECH, SF

SUBJ: SOUTH AFRICAN PLANS FOR URANIUM ENRICHMENT COOPERATION

REF: A) HAGUE 3221 (B) STATE 158044 (C) PRETORIA 2191

1. WITH REGARD TO REF (A) THERE ARE TWO NUCLEAR PROJECTS CONTEMPLATED IN SOUTH AFRICA, ONE A POWER PLANT, THE OTHER ENRICHMENT FACILITIES. CONCERNING THE FIRST, WE REPORTED IN PRETORIA 1408 PARTICIPATION BY FOUR DUTCH FIRMS IN INTERNATIONAL CONSORTIUM HEADED BY GENERAL ELECTRIC OF US IN CONJUNCTION WITH SWISS FIRM BROWN-BOVERI IN BIDDING ON NUCLEAR POWER STATION TO BE BUILT AT KOEBERG NORTH OF CAPETOWN. THIS CONSORTIUM IS IN COMPETITION WITH TWO OTHERS - ONE FRENCH, THE OTHER GERMAN-SOUTH AFRICAN. ALL HAVE SUBMITTED FIRM BIDS AND EVALUATION NOW GOING ON WITH RESULT TO BE ANNOUNCED IN FEBRUARY 1976. THIS PROJECT IS PURELY FOR GENERATION OF ELECTRIC POWER. NUCLEAR POWER WAS SELECTED FOR KOEBERG PLANT BECAUSE OF ECONOMICS; POWER GENERATED IN SOUTH AFRICA IS LARGELY BASED ON LOCAL COAL CONCENTRATED IN THE TRANSVAAL. WHILE THIS POWER IS LOW-COST AT SITE, COSTS OF TRANSPORTING IT ALMOST 1,000 MILES TO CAPETOWN AREA RENDER IT NON-COMPETITIVE WITH NUCLEAR POWER. LIMITED WATER RESOURCES IN

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TRANSVAAL IN LIGHT OF PROJECTED POWER NEEDS WERE ADDITIONAL

CONSIDERATION INDECIDING FOR NUCLEAR POWER IN CAPE AREA.

2. CONCERNING THE URANIUM ENRICHMENT PLANT USING NEW SA PROCESS, SAG POSITION FOR SOME TIME WAS THAT IT WOULD REVEAL FULL DETAILS ON TECHNOLOGY OF PROJECT WITH ITS FOREIGN PARTNER. THIS POSITION WAS SPELLED OUT FOR EXAMPLE IN PRETORIA'S 510 OF FEBRUARY 6, 1974 IN WHICH GE REP REPORTED HIS CONVERSATIONS WITH ROUX, PRESIDENT OF A.E.B. SUCH DISCLOSURE WOULD BE PREDICATED IN PRIOR FIRM FINANCIAL PARTICIPATION BY FOREIGN PARTNER.

3. HOWEVER, THIS DISCLOSURE POLICY PREVAILED AT TIME WHEN SAG AGGPEARED TO BE THINKING IN TERMS OF JOINT VENTURE WITH FOREIGN PARTNER. WHILE KOORNHOF STATEMENT REPORTED IN REFTEL (C) FOLLOWED SIMILAR LINES ABOUT SHARING, HE ALSO DISCLOSED A DIFFERENT SORT OF BUSINESS STRUCTURE HAS BEEN FORMED, NAMELY A SOUTH AFRICAN CORPORATION, SHARES OF WHICH FOREIGN SHAREHOLDERS COULD BUY. IT IS NOT CLEAR YET IF UNDER THIS NEW ARRANGEMENT, SAG WOULD GRANT FOREIGN SHAREHOLDERS SAME FULL ACCESS TO THE SOUTH AFRICAN ENRICHMENT PROCESS THAT WAS ENVISAGED WITH THE JOINT VENTURE. THERE IS NO EXACT TEXT OF KOORNHOF STATEMENT, AS REQUESTED BY REFTEL (B) BECAUSE IT WAS MADE DURING A PRESS INTERVIEW. HIS STATEMENT BEFORE PARLIAMENT IN THE SA ATOMIC ENERGY PROGRAM (CONTAINED IN COLUMNS 7966, 7967, 7968 AND 7993 OF THE JUNE 9-13, 1975 EDITION OF THE HANSARD) DID NOT MENTION SA WILLINGNESS TO SHARE TECHNOLOGY AND IN FACT CLAIMED SAG COULD ITSELF FINANCE ENTIRE ENRICHMENT PROJECT.

4. SOUTH AFRICAN ATOMIC ENERGY BOARD OFFICIALS HAVE TOLD EMBOFFS AT VARIOUS TIMES THAT SOUTH AFRICA'S ATTITUDE TOWARD NPT REMAINS ESSENTIALLY SAME AS REPORTED PRETORIA 770 OF FEBRUARY 1974, I.E. SOUTH AFRICA WILL ULTIMATELY ABIDE BY NPT. THEIR MAIN WORRY REMAINS HOWEVER THAT IF INSPECTORS OR OTHER INTERNATIONAL ATOMIC ENERGY OFFICIALS WERE ALLOWED INTO THEIR PILOT ENRICHMENT FACILITIES, THEY WOULD BE ABLE TO DECODE EXACT NATURE OF PROCESS.

5. DEPUTY PRESIDENT OF AEB (HUGO) IN AUGUST 1974 SPECIFICALLY DENIED TO ECON COUNSELOR THAT SAG HAD ANY INTENTIONS OF GOING BEYOND PEACEFUL USES. AEB PRESIDENT MADE SIMILAR PUBLIC STATEMENT JULY 12, 1974 (SEE PRETORIA 3146). ALSO SAG MIN FON CONFIDENTIAL

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AFFAIRS ON SEPT.4, 1974 SAID SA EXPORTS OF URANIUM WOULD BE SUBJECT TO GUARANTEES IT WOULD ONLY BE USED FOR PEACEFUL PURPOSES (PRETORIA 4016, SEPT. 1974).

6. AMBASSADOR LUNCHING WITH SA AEB PRESIDENT ROUX JULY 27. HE WILL PROBE FOR MORE INFORMATION BUT IT DOUBTFUL THAT ROUX WILL BE VERY FORTHCOMING.  
BOWDLER

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## Message Attributes

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